

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE NOTICE OF GAS COST RECOVERY)
FILING OF BLUEGRASS GAS SALES, INC.) CASE NO. 94-433-H

O R D E R

On May 31, 1996, in Case No. 94-433, the Commission approved certain rates for Bluegrass Gas Sales, Inc. ("Bluegrass") and provided by tariff for their further adjustment on a quarterly basis in accordance with its approved gas cost adjustment ("GCA") clause.

On May 29, 1998, Bluegrass filed its quarterly GCA filing to be effective July 1, 1998, and to remain in effect until October 1, 1998.

After reviewing the record in this case and being otherwise sufficiently advised, the Commission finds that:

1. In its notice of May 29, 1998, Bluegrass proposed revised rates designed to pass on to its customers its expected wholesale increase in gas costs. Bluegrass's proposed expected gas cost ("EGC") is \$3.9594 per Mcf.
2. Bluegrass's notice of May 29, 1998 set out no current quarter refund adjustment.
3. Bluegrass's notice of May 29, 1998 set out a current quarter actual adjustment ("AA") of 15.91 cents per Mcf to collect under-recoveries of January, February, and March gas cost from its customers. The total AA of 16.88 cents per Mcf includes the current as well as the previous quarter AAs.

4. Bluegrass's notice of May 29, 1998 set out a balance adjustment ("BA") of (23.31) cents per Mcf to reconcile an over-recovery from expired AAs. The total BA of (23.83) cents per Mcf includes the current as well as the previous quarter BA.

5. Bluegrass's GCR is \$3.8898 per Mcf, 14.62 cents per Mcf less than the previously authorized rate.

6. Bluegrass's adjustment in rates contained in the Appendix to this Order is fair, just, and reasonable, in the public interest, and should be approved for service rendered on and after July 1, 1998.

IT IS THEREFORE ORDERED that:

1. The rates in the Appendix, attached hereto and incorporated herein, are fair, just, and reasonable, and are effective for service rendered on and after July 1, 1998.


2. Within 30 days of the date of this Order, Bluegrass shall file with this Commission its revised tariffs setting out the rates authorized herein.

Done at Frankfort, Kentucky, this 22nd day of June, 1998.

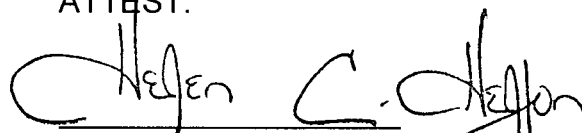
PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 94-433-H DATED June 22, 1998

The following rates and charges are prescribed for the customers served by Bluegrass Gas Sales, Inc. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of this Commission prior to the effective date of this Order.

	<u>Base Rate</u>	<u>Gas Cost Recovery Rate</u>	<u>Total</u>
All Mcf (Minimum Bill)	\$3.1203	\$3.8898	\$7.0101